

## **Historic, Archive Document**

Do not assume content reflects current scientific knowledge, policies, or practices.



752 Pa

THE

Demand and Price

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS  
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D. C.



NOVEMBER 1952

Approved by the Outlook and Situation Board, November 28, 1952

| CONTENTS                        |      |                              |      |
|---------------------------------|------|------------------------------|------|
|                                 | Page |                              | Page |
| Summary.....                    | 1    | Corn and Other Feeds.....    | 12   |
| Demand for Goods and Services.. | 3    | Wheat.....                   | 13   |
| Output and Employment.....      | 5    | Fruit.....                   | 13   |
| Commodity Prices.....           | 6    | Commercial Truck Crops.....  | 14   |
| Farm-Retail Price Spreads.....  | 8    | Potatoes and Sweetpotatoes.. | 15   |
| Farm Income.....                | 9    | Dry Edible Beans and Peas... | 15   |
| Livestock and Meat.....         | 10   | Cotton.....                  | 15   |
| Dairy Products.....             | 10   | Wool.....                    | 16   |
| Eggs and Poultry.....           | 11   | Tobacco.....                 | 17   |
| Fats and Oils.....              | 12   |                              |      |

SUMMARY

Economic activity continued at a high rate during October and early November. High employment, rising wage rates and a longer work week are contributing to a record rate of personal income payments. Demand for most goods and services is strong, but output of both industry and agriculture is at a new high and average wholesale prices have dropped below September levels. The decline has been largely due to lower prices for farm products and foods.

Prices received by farmers declined nearly 4 percent from mid-September to mid-November. Part of the drop reflected the usual seasonal price movements but for some products, particularly meat animals, price declines were larger than usual because of record marketings. However, prices paid by farmers including interest, taxes, and wage rates declined less than 1.5 percent and the parity ratio (ratio of the index of prices received to the parity index) dropped from 101 to 99. This is the first month that the parity ratio has been below 100 since June 1950.



## ECONOMIC FACTORS AFFECTING AGRICULTURE

| Item                                                 | Unit or<br>base<br>period | 1951  |        | 1952   |       |       |       |
|------------------------------------------------------|---------------------------|-------|--------|--------|-------|-------|-------|
|                                                      |                           | Year  | Oct.   | July   | Aug.  | Sept. | Oct.  |
| Industrial production <u>1/</u>                      |                           |       |        |        |       |       |       |
| Total.....                                           | 1935-39=100:              | 220   | 218    | 193    | 214   | 226   | 227   |
| All manufacturers.....                               | do.                       | 229   | 226    | 202    | 224   | 235   | 238   |
| Durable goods.....                                   | do.                       | 273   | 274    | 231    | 266   | 287   | 294   |
| Nondurable goods.....                                | do.                       | 194   | 188    | 179    | 191   | 194   | 193   |
| Minerals.....                                        | do.                       | 164   | 174    | 142    | 157   | 175   | 165   |
| Construction activity <u>1/</u> #                    |                           |       |        |        |       |       |       |
| Contracts, total.....                                | 1947-49=100:              | 171   | 140    | 177    | 207   | 206   |       |
| Contracts, residential.....                          | do.                       | 170   | 160    | 196    | 193   | 190   |       |
| Wholesale prices <u>2/</u> #                         |                           |       |        |        |       |       |       |
| All commodities.....                                 | 1947-49=100:              | 115   | 114    | 112    | 112   | 112   | 111   |
| All commodities except<br>farm and food.....         | do.                       | 116   | 115    | 112    | 113   | 113   | 113   |
| Farm products.....                                   | do.                       | 113   | 112    | 110    | 110   | 117   | 105   |
| Processed foods.....                                 | do.                       | 111   | 112    | 110    | 110   | 110   | 108   |
| Prices received and paid by<br>farmers <u>3/</u>     |                           |       |        |        |       |       |       |
| Prices received, all products.....                   | 1910-14=100:              | 302   | 296    | 295    | 295   | 288   | 282   |
| Prices paid, interest, taxes,<br>and wage rates..... | do.                       | 281   | 283    | 286    | 287   | 285   | 282   |
| Parity ratio.....                                    | do.                       | 107   | 105    | 103    | 103   | 101   | 100   |
| Consumers' price <u>2/</u> <u>4/</u>                 |                           |       |        |        |       |       |       |
| Total.....                                           | 1935-39=100:              | 186   | 187    | 191    | 191   | 191   | 191   |
| Food.....                                            | do.                       | 227   | 229    | 235    | 236   | 233   | 232   |
| Nonfood.....                                         | do.                       | 164   | 166    | 168    | 168   | 169   | 169   |
| Income                                               |                           |       |        |        |       |       |       |
| Nonagricultural payments <u>5/</u> ...               | Bil. dol.                 | 233.6 | 239.1  | 243.4  | 249.4 | 252.3 |       |
| Production worker pay rolls <u>2/</u> #.....         | 1947-49=100:              | 129   | 130    | 121    | 133   | 142   |       |
| Weekly earnings of factory<br>workers <u>2/</u>      |                           |       |        |        |       |       |       |
| All manufacturing.....                               | Dollars                   | 64.88 | 65.41  | 65.76  | 67.80 | 70.09 | 70.80 |
| Durable goods.....                                   | do.                       | 69.97 | 71.10  | 70.05  | 72.92 | 76.06 | 77.30 |
| Nondurable goods.....                                | do.                       | 58.50 | 58.00  | 60.87  | 61.57 | 62.30 | 62.30 |
| Employment                                           |                           |       |        |        |       |       |       |
| Total civilian <u>6/</u> .....                       | Millions                  | 61.0  | 61.8   | 62.2   | 62.4  | 62.3  | 61.9  |
| Nonagricultural <u>6/</u> .....                      | do.                       | 54.0  | 54.2   | 54.6   | 55.4  | 54.7  | 54.6  |
| Agricultural <u>6/</u> .....                         | do.                       | 7.0   | 7.7    | 7.6    | 7.0   | 7.5   | 7.3   |
| Government finance (Federal) <u>7/</u>               | Million                   |       |        |        |       |       |       |
| Income, cash operating.....                          | dollars                   | 4,945 | 2,855  | 3,593  | 4,878 | 6,898 |       |
| Outgo, cash operating.....                           | do.                       | 4,836 | 5,801  | 6,233  | 5,622 | 6,066 |       |
| Net cash operating income or<br>outgo.....           | do.                       | +109  | -2,946 | -2,640 | - 744 | +832  |       |

Annual data for the years 1929-51 appear on page 37 of the April 1952 issue of The Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1951 are on average monthly basis.

# Revised series.



Marketings of farm products this year are running about 4 to 5 percent larger than last year with big increases for food grains, cotton, feed crops, beef cattle and poultry products. Agricultural production is estimated at about 3 percent above 1951 with gains being registered by both crops and live-stock products. The record 1952 output of farm products indicates marketings will continue at a high level well into 1953.

With production of durable goods increasing, output of the Nation's factories and mines has risen to record postwar levels. Sales picked up at all levels but production was large enough to permit some rebuilding of distributors' inventories depleted during the work stoppage in the steel industry. The uptrend in order backlogs of both durable and nondurable manufacturers continued as new orders placed with manufacturers increased more rapidly than deliveries. The steel supply situation is improving rapidly but supplies of certain types are still relatively tight and may continue so for some months.

### Commodity Highlights

A seasonal decline in fed cattle prices and a possible strengthening in prices for lower grade cattle early next year are indicated by current marketing trends. Prices for hogs may rise above prices of last winter. Milk production has declined less than seasonally this fall, and prices for fluid milk increased seasonally. Turkey prices up to the Thanksgiving holiday were considerably below the levels of 1951, reflecting the record size of this year's crop. The unusually wide spread between prices of cottonseed and soybean oils has narrowed in the past month, reflecting some strengthening in the price of soybean oil. Prices of corn and a number of other feeds in November were down seasonally and were below November last year. Cash wheat prices declined after mid-November following light to heavy precipitation over dry winter wheat areas. Prices for apples and cranberries probably will average considerably above prices in December 1951, mainly because of smaller supplies. With prospects for increased supplies, prices for fresh market truck crops this fall and early winter probably will average moderately lower than a year earlier. The total supply of canned and frozen vegetables indicates that there will be no substantial increase in prices through the 1952-53 marketing season. Supplies of potatoes are believed to be adequate to meet demand through this coming winter and early spring with no more than seasonal price increases from current levels. Prices for the small 1952 crop of sweet potatoes are expected to remain about as high as during the 1951-crop marketing season. The decline in the price of cotton from mid-October to mid-November has been associated with the increased supply of cotton. Prices received by farmers for shorn wool have been below the national average loan value since the program became effective on April 1. Consumption of cigarettes was at a record rate during the first 10 months of 1952, and demand for cigarette tobacco is expected to continue strong.

### DEMAND FOR GOODS AND SERVICES

Demand for goods and services has strengthened in recent months. Consumer incomes rose to record levels in September with a large part of the gain coming in wages paid in commodity-producing industries. Proprietors' and rental income also increased, topping the August level by 3 percent. Employment continued high and average weekly earnings rose to record levels in October due to a longer work week and increased hourly earnings.



Rising incomes contributed to a record level of consumer buying in October. Investment demand also was strong. Housing starts in October were a little below an annual rate of 1.2 million units, total outlays for new construction dropped less than seasonally in October, and planned business expenditures for new plant and equipment in the fourth quarter exceed the third quarter rate. Government outlays for defense also continued to rise gradually into the fourth quarter.

### Consumer Buying Increases

Expansion in production of steel and automobiles facilitated the rise in retail trade in September and October from the relatively low level of August. The dollar volume of retail sales, after seasonal adjustment, rose to a new record of 14.4 billion dollars in October. This was 4 percent above September, 9 percent above a year ago, and 3 percent above the previous record high in January 1951. The relative gain from last October was considerably larger for durable than for nondurable goods. Most of the recovery since August was due to an increase of 40 percent in sales by the automotive group. Little change over the two months was reported for many major retail groups. However, food and apparel store sales rose about 4 percent, while the lumber, building and hardware group reported a moderate decline in sales.

Part of the recent expansion in retail sales, particularly of automobiles and other durable goods, has been financed by expanded consumer credit. Although consumer installment credit granted declined in the third quarter, credit granted was still in excess of repayments. Consumer credit outstanding at the end of September totaled 21.7 billion dollars, 284 million above the previous month and 1.9 billion above the balance outstanding in early May when credit controls were removed.

Weekly department store sales in early November averaged somewhat lower than a year earlier.

### Investment Demand

Residential construction and business outlays for new plant and equipment continue at high levels. Expenditures for plant and equipment in the fourth quarter this year will be up slightly from the third quarter if business plans, as reported in August to the Department of Commerce and the Securities and Exchange Commission, are realized. Most of the gain is indicated for manufacturing, electrical and gas utilities, and mining companies. If plans materialize as expected, outlays will total around 27.5 billion dollars this year, 4 percent larger than in 1951.

Business investment plans as reported in a McGraw-Hill survey suggest that investment in new plant and equipment in 1953 may be only slightly below the record outlays for 1952. Manufacturing industries as a whole plan to spend less, but utilities and commercial enterprises are planning larger outlays.



Business inventories rose moderately in September reflecting largely the rebuilding of working stocks drawn down during the interruption in steel output. At the end of September business inventories totaled 70.7 billion dollars. The increase of 500 million from August occurred mostly at the retail level despite a substantial sales increase in September.

Outlays for new construction declined somewhat less than usual in October. Expenditures for all new construction totaled 27 billion dollars in the first 10 months of this year, 4 percent above the same period last year. Private construction outlays over the period were about the same as last year while public construction was up 16 percent.

Housing starts, at 101,000 for the month of October, were at an annual rate of 1,156,000 units. This is the highest of the 5 months in 1952 for which an annual rate has been estimated in accordance with the provisions of the 1952 Amendments to the Defense Production Act. Through October this year 966,400 new nonfarm dwelling units had been started, about 10,400 more than in the first 10 months of 1951.

#### OUTPUT AND EMPLOYMENT

With the settlement of the steel strike and a general pick-up in retail sales, output of the Nation's factories and mines rose rapidly. In November production was approximately a sixth higher than in July and at a postwar record level. Production of durable manufacturers continued to rise gradually in October and in early November as the rate of steel output was maintained around 106 percent of capacity. Passenger car assemblies also continued to increase through early November. Further general increases were reported in October for metal fabrication, machinery, aircraft, and consumer durables, particularly television sets. Production of nondurables was somewhat lower in October as larger output of paper and printing and publishing was more than offset by moderate declines in textile, manufactured food, and petroleum products.

Mining of bituminous coal was at a relatively high rate in September in anticipation of the possible interruption of output. But output declined in October reflecting in part a drop from the high rate of output in September and the short work stoppage in October. Because of the decline in soft coal mining, minerals production dropped 6 percent from the record levels of September.

Accompanying the pick-up in retail trade and industrial activity, manufacturers' sales rose in September about 8 percent after adjustment for seasonal variations. The advance was widespread throughout most industries but was greatest in durables, particularly motor vehicles. The rise in production approximately kept pace with increased deliveries by manufacturers and inventories held virtually unchanged. New orders placed with manufacturers exceeded deliveries during September continuing the uptrend in order backlogs. The moderate rise in unfilled orders for durable goods brought reported backlogs of these producers to a new high, equal to about 6 times current monthly delivery rates.



### Record Farm Output In 1952

Total output of farm products for 1952 is currently estimated at a record level of 3 percent above last year. Increases occurred for both crops and livestock products.

Favorable to ideal harvesting conditions during October speeded harvest to early completion and improved the outturns of many late-growing crops. Crop output was estimated as of November 1 at 132 percent of the 1923-32 average, 1 point higher than on October 1, but 3 points lower than the 1948 record. Cotton production prospects as of November 1 were 3 percent larger than the estimate on October 1, and small increases were indicated for corn, soybeans, rice, potatoes, dry beans, peanuts, sugar beets and grapes. Prospects for tobacco, sweetpotatoes, sugarcane, apples, pears, and cranberries, were below earlier expectations.

### Employment Down Seasonally

Both employment and the average work week rose in the steel, automotive and electrical industries as production increased. Although total civilian employment at 61.9 million in October was off about 400,000 from September, most of the drop was seasonal. Nonagricultural employment was maintained at the September level on a seasonally adjusted basis. But the decline in agricultural employment from September to October was somewhat more than usual. With the drop in the labor force as students returned to school, unemployment declined to 1.3 million, the lowest in the postwar period.

### COMMODITY PRICES

Business and consumer demand is strong for most goods and services. But, production rates in both industry and agriculture are at record levels and average wholesale prices eased off gradually in recent months. In mid-November wholesale prices averaged 3 percent below a year earlier while average prices received by farmers were down 7 percent. Retail prices, however, are being maintained near record levels a little more than 2 percent above a year earlier.

Processed food prices at wholesale were off 2 percent over the month ending November 18 and were 5 percent below a year earlier. The decline since last year reflects to a considerable extent larger supplies and lower prices for meats. Prices of products other than farm and food averaged about 1 percent below a year ago but have been relatively steady in recent months.

The sensitive daily index of wholesale prices for 28 basic commodities had, by November 17, lost most of the advance made following the outbreak of hostilities in Korea. The index in mid-November was about 5 percent above the average for June 1950 compared with February 16, 1951, when it was 47 percent higher. Prices for imported and raw industrial commodities in November were about one-sixth less than last year but have held relatively steady in recent months.



Table 1. - Indexes of wholesale and basic commodity prices, selected groups, November 1952 with comparisons

| Group                                 | Nov.<br>1952 | Oct. 14,<br>1952 | Nov.<br>1951 | November 1952          |                  |
|---------------------------------------|--------------|------------------|--------------|------------------------|------------------|
|                                       |              |                  |              | percentage change from |                  |
|                                       |              |                  |              | Oct. 14,<br>1952       | November<br>1951 |
|                                       |              |                  |              | Percent                | Percent          |
| 28 Basic commodities (Aug. 1939=100): |              |                  |              |                        |                  |
| General index.....                    | 280.8        | 285.5            | 327.5        | - 1.6                  | - 14.3           |
| Raw industrial.....                   | 263.1        | 265.9            | 315.9        | - 1.1                  | - 16.7           |
| Imported commodities.....             | 282.7        | 285.2            | 331.8        | - .9                   | - 14.8           |
| Foodstuffs.....                       | 335.1        | 344.2            | 363.5        | - 2.6                  | - 7.8            |
| Wholesale prices (1947-49=100)        |              |                  |              |                        |                  |
| All commodities.....                  | 110.4        | 110.7            | 113.6        | - .3                   | - 2.8            |
| Farm.....                             | 102.6        | 104.6            | 112.0        | - 1.9                  | - 8.4            |
| Food, processed.....                  | 105.6        | 108.1            | 111.0        | - 2.3                  | - 4.9            |
| All other than farm and food..        | 113.0        | 112.6            | 114.5        | +.4                    | - 1.3            |

1/ Figures for 28 Basic Commodities are as of November 17; wholesale, November 18

The consumers' price index for moderate income families in large cities was 190.9 (1935-39=100) on October 15, virtually unchanged from record-high levels of the three previous months. Slightly lower prices over the month for food and housefurnishings almost completely offset increases for rent, utilities, and the miscellaneous group.

#### Prices Received by Farmers Lower

The index of prices received by farmers in mid-November, at 277 percent of the 1910-14 average, was off 2 percent from a month earlier and was 8 percent below November 1951. The decline from a year ago is due primarily to heavier farm marketings which are running about 5 percent above last year with big increases for beef cattle, poultry products, food grains, feed crops and cotton.

The moderate price decline from October to mid-November largely reflects heavy marketings of beef cattle with a 5 percent drop in meat animal prices, lower prices for cotton as a result of increased supply prospects, and seasonally lower prices for fruit. A big corn crop is also contributing to lower prices for corn and other feed grains. However, some of the price declines for the above groups were offset by seasonally higher prices for truck crops and moderate price gains for food grains, "other vegetables", and poultry products.



The parity index (the index of prices paid by farmers, including interest, taxes and wage rates) was 281 on November 15, 1 point less than a month earlier. Prices paid for production items were lower as feed and feeder livestock declined further. The index of commodities used in family living was unchanged as lower food prices were offset by higher prices for clothing and building materials.

As a result of the movements, the parity ratio (the ratio of the index of prices received to the parity index) dropped to 99, compared to 106 a year ago. This is the first month since June 1950 that the parity ratio has been below 100.

Table 2.- Group indexes of prices received by farmers, November 15, 1952 with comparisons

| Group                                  | (1910-14=100)     |               |                        |               |               |
|----------------------------------------|-------------------|---------------|------------------------|---------------|---------------|
|                                        | November 15, 1952 |               | percentage change from |               |               |
|                                        | Nov. 15, 1952     | Oct. 15, 1952 | Nov. 15, 1951          | Oct. 15, 1952 | Nov. 15, 1951 |
| Food grains .....                      | 248               | 240           | 249                    | +3            | 1/            |
| Feed grains and hay .....              | 213               | 219           | 224                    | +3            | -5            |
| Cotton .....                           | 238               | 311           | 345                    | -7            | -17           |
| Tobacco .....                          | 412               | 429           | 424                    | -4            | -3            |
| Oil-bearing crops .....                | 300               | 304           | 307                    | -1            | -2            |
| Fruit .....                            | 195               | 215           | 172                    | -9            | +13           |
| Truck crops .....                      | 238               | 189           | 249                    | +26           | -4            |
| Vegetables .....                       | 293               | 285           | 244                    | +3            | +20           |
| All crops .....                        | 259               | 260           | 267                    | -1            | -4            |
| Meat animals .....                     | 310               | 328           | 387                    | -5            | -20           |
| Dairy products .....                   | 318               | 316           | 305                    | +1            | +4            |
| Poultry and eggs .....                 | 238               | 228           | 249                    | +4            | -4            |
| Wool .....                             | 280               | 283           | 369                    | -1            | -24           |
| Livestock and products .....           | 295               | 301           | 332                    | -2            | -11           |
| Crops and livestock and products ..... | 277               | 282           | 301                    | -2            | -8            |

1/ Less than 0.5 percent decrease.

#### FARM-RETAIL PRICE SPREADS

Farmers received 46 cents of the dollar that consumers spent for farm-produced foods in October. This equals the postwar low of June 1950. During the preceding 12 months, the farmer's share varied between 47 and 50 cents. Estimates of this share are based upon comparisons of the estimated retail cost of a market basket of farm foods and the returns to farmers for equivalent quantities of farm produce.



Table 3.- The farm-food market basket: 1/ Retail cost, farm value, marketing charges, and farmer's share of consumer's food dollar, September and October 1951 and 1952, and 1951 annual average

| Year and month    | Retail cost<br><u>2/</u><br>Dollars | Farm value<br><u>3/</u><br>Dollars | Marketing<br>charges<br><u>4/</u><br>Dollars | Farmer's<br>share<br>Percent |
|-------------------|-------------------------------------|------------------------------------|----------------------------------------------|------------------------------|
| 1951 average....  | 722                                 | 360                                | 362                                          | 50                           |
| 1951 - Sept....   | 711                                 | 357                                | 353                                          | 50                           |
| Oct.....          | 722                                 | 358                                | 364                                          | 50                           |
| 1952 - Sept....   | 738                                 | 348                                | 390                                          | 47                           |
| Oct. <u>5/</u> .. | 737                                 | 342                                | 395                                          | 46                           |

1/ Average annual quantities of farm foods purchased per family of three average consumers, 1935-39. 2/ Calculated from retail prices collected by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. 3/ Payments to farmers for equivalent quantities of farm produce minus imputed value of byproducts obtained in processing. 4/ Marketing charges equal margin (differences between retail cost and farm value) minus processor taxes. 5/ Preliminary estimate.

Charges for marketing these products have risen each month since March 1952 and reached a record of \$395 in October compared with \$364 in the same month of 1951. Most of this increase was caused by higher charges for marketing meat products and fruits and vegetables.

The retail cost of the foods in the market basket was \$737 in October, \$15 higher than a year earlier, while the farm value was down about \$16, from \$358 to \$342.

#### FARM INCOME

Farmers received about 4.1 billion dollars from marketings in October, 13 percent more than in September and 3 percent less than a year earlier. Marketings in October were above September 1952 and October of last year, but prices averaged lower in both cases. Receipts from livestock and products of 1.8 billion dollars in October were 7 percent above the previous month mostly because of larger marketings of cattle and calves. But lower average prices held receipts from livestock and products 13 percent below October of 1951. Crop receipts in October were about 2.3 billion dollars, 19 percent more than in September and 7 percent above a year earlier.

Total receipts from farm marketings in November were around 3.5 billion dollars, down 14 percent from October and about 4 percent from a year ago. Receipts from livestock and products were approximately 1.6 billion dollars, 7 percent less than in October and 8 percent below November 1951. Crop receipts in November were about 1.9 billion dollars, 19 percent less than the month before, reflecting seasonally smaller marketings. They were about the same as a year ago as larger marketings were offset by lower average prices.



Cash receipts from marketings for the period January through November 1952 totaled 30.1 billion dollars, slightly more than in the corresponding period last year. Prices in this period averaged a little lower than last year, but marketings were larger. Receipts from livestock and products were 17.0 billion dollars, down 6 percent from last year, but crop receipts of 13.1 billion dollars were up 13 percent.

#### LIVESTOCK AND MEAT

Meat production has been at its seasonal high in the last month or two and since mid-August has exceeded a year earlier. Production in December-January will continue large and probably moderately above year-earlier levels. Meat output later in the winter will show less gain over last year, because considerably fewer hogs will be slaughtered than a year earlier.

Supplies of beef will continue to be larger than a year ago. As a result of a 4-year expansion in production, cattle slaughter has been rising and a further increase is in prospect for 1953. Marketings of cattle off grass have probably passed their seasonal peak. But slaughter of cattle out of feed lots will increase in the next few months. A record volume of cattle feeding this season was indicated by the situation up to the end of November. These trends in marketings by classes and grades suggest a possible strengthening early next year in prices for lower grade slaughter cattle and stockers and feeders and a seasonal decline in prices for fed cattle.

Hog slaughter is near the high point for this season. Slaughter in the last 3 months has been almost as large as a year earlier despite 9 percent fewer spring pigs saved. This indicates that an unusually large part of the spring crop will have moved by the Christmas-New Year holidays, and that mid-winter slaughter will be a good deal smaller than last year. Therefore, prices may rise above those of last winter.

Less lamb and mutton than a year earlier is in prospect for the next several months. Marketings of sheep and lambs off ranges are tapering off and the number to be fed for the coming winter and spring market is expected to be considerably smaller than last season. Slaughter lamb prices, which have been declining since mid-August under pressure of heavier marketings, are currently \$6 to \$8 per 100 pounds below a year ago. Prices will probably strengthen in the next few months as marketings decrease but will likely remain below last year's prices.

#### DAIRY PRODUCTS

Prices for butter, cheese, and dry whole milk declined in recent weeks. Prices for fluid milk have increased seasonally and are somewhat above a year earlier.

Prices received by farmers for whole milk have been increasing seasonally. This has reflected mainly a rise in prices paid for milk going into fluid outlets and the usual seasonal shift from manufacturing to fluid channels. Prices received for milk are near the seasonal high for this year and soon will start a decline which will continue until early next summer. But they probably will continue above a year earlier.



Milk production in the United States has declined less than seasonally this fall. The annual rate of milk flow in October, 116.8 billion pounds, was higher than in any month since March 1951. Mild weather over a large area of the country helped maintain milk production this fall. Moreover, farmers in many areas have continued to feed larger-than-usual quantities of concentrates because of the short roughage supply. For 1952 as a whole, total milk production will be a little over 114 billion pounds, about 1 billion pounds less than was produced in 1951.

Use of milk for current fluid consumption has continued near last year's level. Even though retail prices for fluid milk have been moderately higher than a year earlier, the effect on consumption has been fully offset by stronger demand resulting from increased consumer income. Ice cream consumption continues to show some increase over 1951. With total milk flow as large as or larger than a year earlier in recent weeks, production of butter and cheese has risen above the corresponding periods of 1951. In the first three quarters of the year these items had been running below the 1951 level. The annual rate of butter production in the July-September quarter of 1952 was just a trifle under 1,200 million pounds, slightly below the level in the same three months of 1951.

#### EGGS AND POULTRY

Egg prices through mid-November were seasonally high, but declined in the latter part of the month. In recent months egg production has exceeded year-ago output, but monthly output probably will soon fall below a year earlier. Because of this, egg prices in the next few months may not drop so abruptly, nor to such low levels, as last winter and spring.

Turkey prices up to the Thanksgiving holiday were considerably below the levels of 1951, reflecting this year's record crop. Despite the surplus-diversion purchases of the Department of Agriculture--reaching 44.4 million pounds of eviscerated turkey by November 26--producer prices of 33.7 in mid-November has not advanced much from the 32.9 cents per pound (live) received by producers in mid-October.

Cold-storage holdings of turkey on November 1, were 135 million pounds, 51 million pounds larger than the previous record for this date. (This total included some birds held for later delivery to the Government). Commercial storage accumulations from now until the peak (usually reached about February 1) may be below the usual rate. If the large storage holdings have been achieved at the expense of the number of birds left on farms, supplies of fresh-killed turkeys for Christmas will be smaller than for Thanksgiving.

While turkeys were slow in clearing the markets in mid-November, the opposite situation prevailed for broilers. In some specialized producing areas, broiler prices were the highest in 2 years. To take advantage of higher prices, producers sold birds at light weights instead of feeding them to heavier weights on a possibly declining market. Mid-November sales were made from chicks placed in August, when the number placed was the smallest since October 1951. Chick placements in 11 specialized broiler areas have increased from an average of 9 million weekly in August to 11.4 million in the week ending November 22, 13 percent more than in the same week in 1951.



## FATS AND OILS

The unusually wide spread between prices of cottonseed and soybean oil has narrowed in the past month, because of an increase in the price of soybean oil. A seasonal rise in consumption is now taking place. Users are turning to soybean oil, in preference to cottonseed oil, as a result of the wide price spread. With increasing quantities of cottonseed oil being tendered to CCC under the cottonseed support program, commercial supplies are small compared to stocks of soybean oil. As of November 15, 245 million pounds of 1952 crop cottonseed oil had been tendered to CCC. This is equal to about 15 percent of the estimated output of 1952 crop cottonseed oil. Over one-third of the August 1 carry-over was owned or contracted for by CCC. Prices of tung oil have dropped sharply in recent weeks as new crop oil has come on the market. The price of coconut oil increased about 60 percent in the last two months but a downward trend is expected in the near future. The index of wholesale prices of fats and oils except butter in November was about 60 percent of the 1947-49 average, compared with 59 in October and 70 a year earlier.

Based on crop reports as of November 1 and other indications, prospective supplies of food fats in 1952-53 are about as large as the previous year's record level. A large carry-over of lard and vegetable oils offsets the moderate drop in output of animal fats. Production of edible vegetable oils may be about the same as the year before.

## CORN AND OTHER FEED

Corn prices declined 26 cents per bushel from mid-September to mid-November, reflecting near-record production in the Corn Belt. The mid-November price of \$1.45 per bushel was 15 cents below the 1952 support price and 16 cents lower than a year earlier. Prices of a number of other feeds, including oats, wheat millfeeds, and animal protein feeds, also were lower than in November last year. Corn prices are expected to advance above the support level later in the marketing year and prices of a number of other feeds also may strengthen. Soybean meal prices were somewhat below the ceiling level in November, while most other high-protein feeds remained close to the ceilings. The index of wholesale prices of high-protein feeds averaged 3 percent higher this November than last. Hay prices were 13 percent higher.

The 1952-53 supply of all feed concentrates was estimated in November at 167 million tons, 12 percent smaller than in 1951-52, but about equal to last year's supply in relation to the number of grain-consuming livestock to be fed. The corn supply totals nearly 3.8 billion bushels, 3 percent larger than in 1951-52, while supplies of other feed grains are smaller. The 1952 feed grain crop of 120 million tons is 5 percent larger than last year and appears sufficient to take care of the 1952-53 requirements without a further drain on reserve stocks. The situation, however, is much



less favorable for forage crops, as continued dry weather over large areas of the country has resulted in the poorest season for pastures and ranges in more than a decade. Hay supplies are the smallest in recent years in relation to the increasing number of roughage-consuming livestock.

#### WHEAT

Cash wheat prices continued to advance to mid-November with prices at Kansas City and Portland above the loan, reflecting increased exports and the long period of dry weather. On November 17, however, prices declined about 2 cents following scattered to heavy showers over dry winter wheat areas, and with additional moisture since that time have declined further. On November 28, the price of No. 2 Hard Winter Wheat at Kansas City (ordinary protein) was \$2.39 per bushel and No. 1 Soft White at Portland was \$2.40. While the price at Portland was still 1 cent above the effective loan rate (the announced loan with a deduction for storage), the price at Kansas City was 2 cents below. The price of No. 1 Dark Northern Spring at Minneapolis on the same day, at \$2.39, was still 5 cents below the loan. The price of No. 2 Soft Winter at St. Louis, reflecting relatively large supplies of that class of wheat, was 14 cents below the effective loan. After the decline on November 17, prices at Kansas City and St. Louis were 25 and 17 cents above prices in late June, while those at Minneapolis and Portland were about 4 and 7 cents, respectively, above their season's low.

On October 15, 312 million bushels of wheat were under the support programs. This compares with 266 million bushels under loan on October 31, 1942. In that crop year, the total under loan reached a record of 408 million bushels.

Total wheat supplies for the 1952-53 marketing year are estimated at about 1,580 million bushels, consisting of the carry-over July 1, 1952 of 257 million bushels, a crop estimated at 1,299 million and likely imports of about 25 million for livestock feeding. Domestic disappearance may total about 700 million bushels, slightly more than the 684 million in 1951-52.

An estimated 880 million bushels may be available for export and carry-over. Exports are expected to total around 325 million bushels, which would leave about 550 million for carry-over July 1, 1953. This compares with the 1942-51 average of 335 million bushels.

#### FRUIT

Grower prices for most fruits in December 1952 are expected to average about as high as or higher than in this month of 1951. Prices for apples and cranberries probably will average considerably above prices in December 1951, mainly because of smaller supplies.



Cold-storage holdings of apples on October 31, 1952, were about 5 percent smaller than stocks on that date in 1951 and 13 percent under the 1947-51 average for that date. Holdings of pears were 29 percent smaller and 6 percent below average. Grower prices for these fruits probably will increase further in December and continue at relatively high levels after the first of the year.

Mainly because the 1952 cranberry crop is about 14 percent smaller than the large 1951 crop, fresh market supplies are expected to continue smaller this fall than last. Wholesale prices probably will continue considerably higher than a year ago.

As shipments of Florida oranges and grapefruit became seasonally heavy in early November, terminal auction prices for these fruits dropped sharply. In late November, prices for oranges were down to a level slightly above a year earlier, while those for grapefruit were off moderately. At the same time, prices for seasonally declining shipments of California Valencia oranges dropped less sharply. With strong demand for citrus for the Christmas trade and with canning and freezing getting under way, grower prices in December probably will hold fairly steady.

On November 1, 1952 packers' stocks of canned Florida citrus sections and juices were much smaller than a year earlier, but cold-storage holdings of frozen orange juice were 16 percent larger. But consumption of frozen orange concentrate also is expected to continue larger than a year ago. Cold storage stocks of frozen deciduous fruits and berries (excluding juices) were about 15 percent smaller on October 31, 1952 than a year earlier.

#### COMMERCIAL TRUCK CROPS

##### For Fresh Market

Because of a somewhat larger total supply in prospect, prices for fresh market truck crops this fall and early winter probably will average moderately lower than a year earlier. Aggregate fall production of commercial truck crops is expected to be about 4 percent larger than last year and 9 percent larger than average. Substantially larger supplies this fall are in prospect for carrots, egg plant, lettuce, green peas, and green peppers. Moderate increases are indicated for cabbage, celery, and tomatoes. On the other hand, smaller supplies and higher prices are in prospect this fall for lima beans, snap beans, cauliflower, cucumbers, and spinach.

Early reports for crops to be harvested in the first quarter of 1953 point to larger supplies than a year earlier for beets and kale, but smaller for shallots and spinach. Acreage of lettuce for first quarter 1953 harvest is expected to be substantially larger than a year earlier.

##### For Commercial Processing

Total 1952 production of truck crops grown for commercial processing is indicated to be below last year, but generally equal to or larger than production suggested by the Department goals.



Compared with the Goals, green peas fell slightly below, tomatoes moderately below, and beets, considerably below. However, the total supply of canned and frozen vegetables suggests that there will be no substantial increase in prices through the 1952-53 marketing season.

#### POTATOES AND SWEETPOTATOES

With the 1952 potato crop now estimated at more than 349 million bushels, supplies are believed to be adequate to meet demand through this coming winter and early spring with prices increasing no more than seasonally from current levels. The crop in the 29 late States is some 26 million bushels larger than last year's short crop, an increase of 10 percent.

Although the 1952 sweetpotato crop is about 4 percent larger than the very small 1951 crop, it is only about half of an average crop. Prices received by farmers for sweetpotatoes this season are expected to remain about the same as during the 1951 crop marketing season.

The relatively high prices received by growers this year and last probably will stimulate a significant increase in acreage of potatoes and sweetpotatoes planted in 1953.

#### DRY EDIBLE BEANS AND PEAS

Disappearance of dry beans into consumption channels and export trade appears to be holding up near the high rate of 1951 and prices are appreciably higher than a year earlier. The carry-over stocks at the end of next summer may be only about half as large as the normal carry-over. The increase in prices probably will lead to larger acreage in this crop in 1953.

Because of shorter supplies, prices for dry field peas are substantially above those of a year earlier. The 1952 crop is 28 percent smaller than the 1951 crop and only about 45 percent of the 10-year average. Some increase in acreage of dry peas is likely in 1953.

#### COTTON

The price of cotton showed a rather steady decline during October and the first half of November. From October 15 to November 17 the average price for Middling, 15/16 inch cotton at the 10 spot markets declined 2.22 cents per pound. Prices received by farmers for American upland cotton showed a parallel movement, declining 2.72 cents per pound from mid-October to mid-November.

The price decline has been associated with the increased supply of cotton in relation to disappearance. The total supply for the 1952-53 marketing year is estimated at 17.7 million running bales, 300 thousand bales larger than the supply a year earlier. However, disappearance in the 1952-53 season is expected to be around 800 thousand bales smaller than a year earlier. This indicates that the carry-over on August 1, 1953 will be in the neighborhood of a million bales larger than the 2.7 million on August 1, 1952.



Trade reports indicate that buyers of cotton textiles were holding back on orders during October and the first half of November. Consequently, mills held back on buying cotton. However, more orders for grey goods were received during the last half of November. These developments were probably associated with the declining cotton price and the relatively low price which has prevailed recently.

In addition, exports during August and September were low, totaling 347.4 thousand bales, compared with 502 thousand bales exported in these months in 1951 when exports were larger than usual.

Mill consumption in October averaged 37.0 thousand bales per day. This was about 1 percent larger than a year earlier and approximately 1 percent below the rate of the preceding month.

#### WOOL

World demand for wool apparently changed little between mid-October and mid-November. Prices of wool in Australia remained fairly stable during that period. A slight decline in prices for most wools early in November was about offset by a later advance.

Quotations for most domestic and foreign wools at Boston, reflecting the earlier rising trend of prices abroad, advanced substantially during October. For the week ending November 7, territory fine staple and good French combing wool was quoted at \$1.73 per pound, clean basis, compared with \$1.58 late in September.

Prices received by growers for shorn wool in mid-November averaged 49.9 cents per pound, grease basis. The mid-month average has been below the national average loan value of 54.2 cents per pound each month since the program became effective on April 1. As of September 30, about 43 million pounds out of the 230 million pounds produced in 1952 of shorn wool, grease basis, had gone under loan.

Mill consumption of apparel wool in the United States has trended slowly upward since early this year when the low point of a sharp decline was reached. The weekly rate of consumption during September, 7.7 million pounds, scoured basis, was the highest since June 1951. Consumption through September this year was about 15 percent below that of the same months of last year. The rate of carpet wool consumption, which for the first four months of this year was well below last year, was above that of last year during the May-September period. Consumption through September was about the same as that of last year.

Imports of dutiable wools for consumption through September were about 22 percent below the quantity imported during the same period of 1951. Imports of duty-free wools, however, were only 4 percent less than last year.



## TOBACCO

Auctions began on December 1, for the 1952 Burley crop which totals 607 million pounds, only a little smaller than the 1951 crop. Prices for the first day's sales of nearly 25 million pounds averaged 52.5 cents per pound, a little lower than for the first sales of last season. Demand for cigarette tobacco is expected to continue strong. During the first 10 months of 1952 tax-paid consumption of cigarettes was at a record rate, totaling about 334 billion or 4 percent above that of the same months of 1951. Cigarette consumption is expected to continue high in 1953. The October 1 carry-over of Burley was 8 percent above a year earlier, and including this year's crop, the total supply for 1952-53 is 4 percent above that for 1951-52. The Burley acreage allotment for 1953 is about one-tenth smaller than for 1952. About 97 percent of the Burley growers voting in a referendum on November 22 approved the continuation of marketing quotas for the next 3 marketing years.

Auctions for Virginia fire-cured (type 21) and Virginia (sun-cured, type 37) also opened on December 1 and 2, respectively. Prices for early sales averaged lower than early season prices last year. Auctions for the Kentucky-Tennessee dark air-cured tobacco (type 36) begin on December 15. The 1952 crops of types 21 and 36 were estimated to be slightly smaller and type 35, 8 percent smaller than last year's, but the type 37 crop is about 9 percent larger than in 1951. The Government price support levels are slightly lower than last season's.

The buying of Connecticut Valley Havana Seed cigar binder tobacco began very early this season. Opening prices averaged nearly 55 cents per pound--10 percent above early season prices of last year. Growers of Maryland tobacco and the cigar filler and binder types, 42-44 and 51-55, voted to place marketing quotas in effect on the 1953 crop. Pennsylvania growers of cigar filler (type 41) disapproved a marketing quota on the 1953 crop. When marketing quotas are in effect, price support at 90 percent parity is mandatory for most kinds of tobacco.



U. S. Department of Agriculture  
Washington 25, D. C.

Penalty for private use to avoid  
payment of postage \$300

OFFICIAL BUSINESS

BAE-DPS-12-3-52-5500  
PERMIT NO. 1001

**JOHN H. DEAN**  
**PROD. & MKTG. ADMIN., USDA**  
**COTTON BRANCH**  
**8-25-47**  
**PSL-1**

